

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)**

Appraisal Stage

Report No.: PIDISDSA21011

Date Prepared/Updated: 17-Mar-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Congo, Democratic Republic of	Project ID:	P156208
		Parent Project ID (if any):	
Project Name:	DRC Electricity Access & Services Expansion (EASE) (P156208)		
Region:	AFRICA		
Estimated Appraisal Date:	20-Feb-2017	Estimated Board Date:	26-Apr-2017
Practice Area (Lead):	Energy & Extractives	Lending Instrument:	Investment Project Financing
Borrower(s)	Republique Democratique du Congo		
Implementing Agency	Unite de Coordination et de Management des projets du MERH		
Financing (in USD Million)			
	Financing Source		Amount
	BORROWER/RECIPIENT		2.00
	International Development Association (IDA)		27.00
	IDA Grant		118.00
	Financing Gap		0.00
	Total Project Cost		147.00
Environmental Category:	B-Partial Assessment		
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate		
Other Decision:			
Is this a Repeater project?	No		

B. Introduction and Context

Country Context

The Democratic Republic of Congo (DRC), located in central Africa and bordering nine countries, is

the largest and fourth most populous country in Sub-Saharan Africa (SSA), with a land surface area of 2.3 million square kilometers and an estimated population of about 77 million inhabitants. In 2015, the country was divided into 26 provinces (from 11 previously), including the capital city of Kinshasa. Fifty eight percent of the population live in rural areas, a figure expected to decrease to 40 percent by 2050 according to United Nations' forecasts, due to ongoing rapid urbanization. DRC has vast natural resources, including the world's third largest hydropower potential (behind China and Russia), the world's second largest tropical forest area, and substantial concentrations of mineral wealth.

DRC has been negatively affected by declining commodity demand and prices, which has worsened the already weak resource mobilization. DRC combines one of the highest ratios of natural resources rent to gross domestic product (GDP) in the world (36 percent of GDP in 2012 and 16th position) with one of the lowest domestic revenues to GDP ratios (14.4 percent of GDP and 104th position out of 117 countries for which data was available in 2012). These low levels of revenues reduce the fiscal space and the Government of DRC's (GoDRC) ability to implement economic and social development programs. In addition, high dollarization (86 percent of deposits and 91 percent of loans) is not allowing the monetary policy to play any role in strengthening the resilience of the economy.

GDP growth in 2015 declined to 6.9 percent from 9.5 percent in 2014, and may not exceed 2.7 percent in 2016. The quantities of oil and mining products during the first half of 2016 declined by 8.6 percent compared to 2015. The quantities of cement sold and port activities also declined pointing to a slowdown. Preliminary figures show revenues dropping by 12.4 percent over the first seven months of 2016. This decline motivated the GoDRC to cut the 2016 budget by 22 percent to keep spending under control. Nonetheless, subject to significant downside risks, the medium-term outlook could be positive. Growth in 2017-18 would benefit from a gradual recovery in the extractives sector and from the expansion in agriculture and services. In the longer term, DRC has the potential to achieve significant economic growth and job creation. However, unlocking this potential requires substantial policy and governance reforms, and investments in infrastructure and human capital.

Poverty is declining but remains widespread. 73.7 percent of the population lived below the US\$1.90 international poverty line in 2014, a decrease from 77.2 percent in 2012. Nonetheless, with a 2015 gross national income per capita of US\$410 and pervasive inequality, DRC's population is among the poorest in the world. In 2015, the country ranked 176 out of 188 on the Human Development Index, and the country did not reach any of the Millennium Development Goals by the end of 2015. The poverty level underscores major challenges to provide, maintain, and expand services (transport, water, electricity, etc.), after infrastructure collapsed during the 1997-2003 civil war.

Political tensions have recently increased due to the presidential election. Originally scheduled for December 2016, the election has been postponed to April 2018. In the meantime, a caretaker Prime Minister has been appointed, and a new cabinet is expected to be appointed.

Sectoral and Institutional Context

The power sector faces major challenges, including low generation capacity, limited and fragmented networks, inefficient institutions, and low electricity access. DRC's total hydropower potential of 40 GW could yield outsized and transformative returns for the country's economic development. Yet, despite being abundant, resilient to seasonality, cheap, and clean, only 2.5 percent of this hydropower potential has been exploited. The installed hydropower capacity has been estimated at around 2,563 MW, of which almost half is not operational. In contrast, peak power demand reached 4,051 MW in 2012, revealing a huge demand-supply gap. The gap is expected to widen further, with demand forecasts projecting a need for an additional 4,000 MW by 2020.

The majority of the installed generation capacity is connected to limited and fragmented grids. There are three separate major transmission grids: (i) the Inga-Katanga backbone, (ii) the North Kivu grid, and (iii) the South Kivu grid. Aside from these grids, the overall network picture is one of scattered, relatively small pockets of independent grids, including mini and micro-grids, ranging from 10 kW to 10 MW. Towns and villages where power is available are mainly supplied by medium-scale private operators (e.g., Electricité du Congo in Tshikapa, in the Kasai province), mining companies that supply neighboring households as part of their corporate social responsibility engagement, faith-based and non-governmental organizations (NGOs), public-private partnerships at provincial levels, and the rural electrification department of the state-owned power utility, Société Nationale d'Électricité (SNEL). Many mini-grids that date back to independence have been abandoned, leaving cities with new provincial capital status without grid-connected electricity service.

Key power delivery institutions have suffered from lack of investments, operational inefficiencies, and governance issues. SNEL, the vertically integrated, state-owned, power generation, transmission, and distribution utility, has been operating with tariffs that are below cost-recovery levels in urban areas, opaque power purchase agreements and special arrangements with mines (its highest revenue customer segment), low billing collection rate (especially from high-revenue customer segments), poor commercial and technical performance, and poor financial health. SNEL has, therefore, been unable to make adequate capital and operational investments to maintain and/or expand the network. Thus, vast portions of the distribution networks in major cities are dilapidated and below technical standards. In Kinshasa, many elements of the distribution network date back to the 1960s; and maintenance/upgrades have been limited, patchy, and uneven. Hence, there remain several urban/peri-urban settlements without grid-connected electricity (known as “poches noires,” or dark pockets); and parts of the existing grid are unsafe, with about 60 human deaths from electrocution documented each year. To begin to address operational inefficiencies and poor financial health, the GoDRC and SNEL signed a performance contract, and SNEL has been receiving technical assistance, under a service contract, from Manitoba Hydro International (hired under the World Bank-financed Regional and Domestic Power Market Development Project). Manitoba Hydro developed a comprehensive recovery plan, which was approved by the GoDRC and the World Bank in August 2016. However, the performance contract remains dysfunctional, and financing is still needed to implement the recovery plan.

Until 2014, SNEL was the monopoly supplier of electricity in DRC, and struggled to serve existing customers with very little access expansion. As a result, access to electricity in DRC is abysmally low. No more than 16 percent of DRC's population has access to electricity according to household surveys reviewed for the 2014 Sustainable Energy for All (SE4ALL) Global Tracking Framework report. Estimates derived from SNEL's database suggest an even lower access rate of nine percent. Despite the discrepancy, it is clear that DRC's access rate remains far below Sub-Saharan Africa's average rate of 31 percent. The access rate also masks significant disparities between urban and rural areas and across provinces. About 35 percent of the urban population has access to electricity compared to only one percent in rural areas. While Kinshasa, the capital city-province, stands out with an access rate of 37 percent, half of the country's provinces have a rate below 10 percent.

The few households and businesses with electricity connections receive unreliable service. Across the country, power outages average over three hours daily for 180 days per year, with an estimated economic cost of 1.7 percent of GDP. In Kinshasa, households experience power outages due to interruptions in the high voltage transmission network as well as the low voltage network. About 392 medium-to-low voltage sub-stations are heavily overloaded and have to be switched on/off manually on a daily basis to avoid damage. Estimates suggest that a significant number of residential customers in Western and Central Kinshasa receive electricity service less than five hours per day. Moreover,

considering that formal customers often informally connect three to five households—which leads to unsafe and degraded service as well as lost revenue to SNEL—many more households receive low-quality service. Similar issues are encountered outside of Kinshasa. In Gbadolite, the capital city of the North Ubangi province, several households receive low-quality service as two out of the three generator units at the Mobayi Hydropower plant (which supplies the city) have been out of service for years.

Recognizing the challenges, the GoDRC has acted to improve the legal and institutional framework of the power sector. In 2014, the GoDRC approved and the President signed a new Electricity Act in an effort to make the power sector an effective engine of economic growth, increase electricity access, and attract private sector investments. Inter-alia, the law liberalizes the power sector, removing SNEL's monopoly status, and provides a new legal and regulatory framework to promote public-private partnerships. This includes new provisions for concessions, leases, management contracts, and licenses, as well as provisions allowing the implementation of differentiated and cost-recovery electricity tariffs. Though the national monopoly has ended, SNEL remains the dominant player. It owns the majority of transmission, distribution, and some of the generation assets in its service areas. Nonetheless, with the devolution of authority for small generation and distribution to provincial authorities, access expansion sub-projects, sponsored by private concessionaires and public-private partnerships, have been recently developed (e.g., *Electricité du Congo* in Tshikapa, *Virunga Sarl* in the North Kivu, *Energie du Nord Kivu* in the North Kivu, *Enerkac* in Kananga). Other potential sub-project sponsors include private companies, NGOs, provincial entities, religious organizations, local cooperatives, or a combination of these actors (loosely categorized as “private sector”).

Though the Electricity Act opens up the power sector to private sector involvement, the private sector faces major challenges to access commercial financing to expand electricity access. The latest 2013 Enterprise Survey revealed that the portion of private investments financed by banks is negligible—0.9 percent—and compares poorly against the SSA average of 9.7 percent. Only 9.4 percent of surveyed firms had a bank loan or line of credit, compared to the SSA average of 22.7 percent. Access-to-finance challenges can be partly explained by conditions in the banking sector. The Congolese financial system is dominated by relatively small banks. Licensed banks, though relatively well capitalized, contend with very high operating and liquidity costs. Corporate lending mainly consists of providing short-term financing to the largest companies, or loans that are cash collateralized or benefit from offshore guarantees. There is a lack of medium and long-term financing, and local banks have little experience with financing in the energy sector.

The 2014 Electricity Act also targets institutional development. The Ministry of Energy and Water Resources (MERH) remains responsible for the energy sector, including planning, policy and program development and oversight. To strengthen its oversight and coordination roles, MERH established, in October 2015, a new unit, *Unité de Coordination et de Management des Projets du Ministère (UCM)*, dedicated to coordinate and manage all donor-financed energy projects. The Electricity Act also calls for the creation of an electricity sector regulator, *Autorité de Régulation de l'Électricité (ARE)*, and an agency to promote and finance rural and peri-urban electrification, *Agence Nationale des Services Énergétiques Ruraux (ANSER)*. Decrees establishing the two agencies have been signed. MERH set up two committees (CPANSER for ANSER, and CPARE for ARE) to make the agencies operational by April 2015. The United States Agency for International Development (USAID) has been providing legal and technical assistance. Nevertheless, progress on the ground has been slow, and more time and effort are needed to get ANSER and ARE up and running.

Moving forward, the GoDRC wishes to electrify new provincial capital cities in the short-term, and envisions achieving universal electricity access in the long term. However, it lacks both a strategic

vision and a specific access rollout plan. Under the SE4ALL initiative, the African Development Bank (AfDB) and the United Nations Development Programme supported the development of the DRC Action Agenda. Though the Action Agenda is not yet formally completed, it calls for US\$33.4 billion in investments over the next 15 years to provide access to electricity to 26.5 million households by 2030, through grid extension and off-grid technologies. This implies tripling the current electrification rate until 2020 and, thereafter, multiplying the current rate seven fold. Given the GoDRC's limited commitment to the Action Agenda and the huge financing gap, there is a need to develop, in a consultative manner, a more realistic, comprehensive electricity access strategy and rollout plan led by GoDRC, with strong buy-in from civil society, donors, and private sector. The strategy must provide clarity on grid and off-grid compatibility, regulatory approaches, sectoral roles and responsibilities, financing, tariffs, connection costs, subsidies, etc. While some elements of the strategy, such as differential tariffs, are already in-place, many others remain to be defined.

The World Bank Group has been a major development partner in DRC's power sector, with investments largely targeting generation and transmission and assistance on utility reform. These include two power projects, the Southern Africa Power Market Project (SAPMP, P069258, which closed on September 30, 2016) and the Regional and Domestic Power Markets Development Project (PMEDE, P097201, slated to close June 30, 2018), which together totaled US\$1.1 billion in financing. SAPMP reinforced the power transmission line between the Inga hydropower station in DRC and Zambia (4,000 km), and improved the power transfer capability along the Inga-Katanga backbone up to Zambia. PMEDE aims to increase the power output by rehabilitating the Inga 1 and 2 power generation stations, adding 600 MW of generation to the network, and address transmission and distribution bottlenecks to Kinshasa, including the electrification of the Kimbaseke dark pocket in Eastern Kinshasa. PMEDE also targets the improvement of SNEL's operational and technical performance, and funds the Manitoba Hydro Incorporated's service contract to SNEL. As mentioned above, an early contract deliverable has been a near-term rehabilitation plan for SNEL, which includes strategic, priority investments aimed at improving SNEL's financial position. While the plan is realistic and solid, it relies in large part on external finance for implementation. Besides SAPMP and PMEDE, the Bank has recently engaged in a power sector reform dialogue, which might pave the way for broader support on sector governance and utility reform. Also, the International Finance Corporation (IFC) has been supporting the 'Lighting DRC' initiative, which assists the private sector to develop a commercial market for solar devices and kits, as an integral part of national electrification efforts.

Though the sector needs are immense and multifaceted, and the implementation environment remains weak and uncertain, the proposed project would focus on electricity access expansion. A single operation could not address all aspects effectively. Access expansion has received relatively limited financing over the last decade of the Bank's power sector engagement, and remains the missing link to enable social development and boost shared prosperity. The project, therefore, would complement the Bank's investments on generation, transmission, and utility reform, with financing to improve access and quality of service. Access expansion will be pursued in a pragmatic manner by tapping into existing "low-hanging fruit," while supporting the development of a more comprehensive and realistic access roll out strategy and plan. The pragmatic approach is reflected in the project design by including multiple investment paths, recognizing that some may proceed more slowly than others. The project would also support selected activities as a bridge to future Bank projects.

C. Proposed Development Objective(s)

Development Objective(s)

The Project development objective is to expand access to electricity in target areas.

Key Results

The project is expected to provide new or improved electricity service to over one million people, including households and businesses in urban, peri-urban, and rural areas where investments are undertaken. The beneficiaries can be categorized in three groups. The first involves household and non-household users that will receive access to new electricity service for the first time. Their electricity use will replace consumption of kerosene and other fuels for lighting, and will enable productive activities.

The second group of beneficiaries are current electricity users—formal and currently informal customers who will be “regularized”—for whom the service quality will be improved. Service quality will be assessed using the Multi Tier Framework (MTF), and elevation by at least one ‘Tier’ will signify service improvement. In most cases, this will be through additional nighttime hours of service (two hours for Tier 1, four hours for Tier 2). A baseline MTF survey is being undertaken. Follow-up surveys will be conducted to assess impact.

The third group of beneficiaries are key power sector stakeholders, including MERH, SNEL, ANSER, ARE, participating financial institutions, and private concessionaires. These stakeholders will benefit from financing, technical assistance, and capacity building activities.

D. Project Description

The project comprises three components: (1) Network Upgrades and Access Expansion in Selected SNEL Service Areas; (2) Private Sector-based Access Expansion; and (3) Sector Development and Implementation Support.

Component 1: Network Upgrades and Access Expansion in Selected SNEL Service Areas (US\$95 million of IDA financing)

This component is aimed at increasing and improving access by addressing critical rehabilitation needs in the SNEL-operated distribution network zones where power is either available from high voltage / medium voltage sub-stations or can be restored in generation plants. It will target investments identified as “priority” by SNEL in its recovery plan and aligned with the GoDRC’s drive to electrify provincial capitals. On this basis, parts of the distribution networks in Kinshasa (probably in the West, Center, and East), as well as in the Provincial capital of Gbadolite, one of the growth pole regions of the country, would be targeted as near-term priority investments. Nonetheless, the component will provide a framework and potential avenue for improving other assets served by SNEL in Kinshasa and other provinces. These may include completion of any pending access activities started under PMEDE but not finished at project close. The component will also assist SNEL to ensure effective implementation of the component investments.

(i) Sub-component 1.1 - Kinshasa: The sub-component will: (a) add new distribution network segments to rebalance the loads—thus improving the level of service—and provide additional households currently living in “dark pockets” with new electricity connections; (b) rehabilitate the existing network in areas to be selected (the specific segments and lengths of the distribution network to be rehabilitated are not yet known and will be determined over implementation); and (c) pilot the electrification of few, peri-urban, lower-density “dark pockets” using a lower cost electrification design (pole-mounted transformer, or MALT in French).

(ii) Sub-component 1.2 - Mobayi Hydropower plant and Gbadolite distribution network: The sub-component will finance the rehabilitation/repair of ancillary equipment within the power house of the run-of-river Mobayi hydropower plant (3 x 3.75 MW turbines) and the associated distribution network in Gbadolite, the capital city of the new province of North Ubangi. Two of the three turbines are currently out of service due to faulty balance-of-plant (ancillary) equipment which will be repaired where feasible and replaced when needed. The ancillary equipment of the third unit will also be refurbished and strengthened in order to sustain its operation over time. No work on the dam and the water reservoir is envisioned. In parallel, the Gbadolite system (specific segments of the network are not yet identified) will also be strengthened and expanded including the installation of prepaid meters for both current, 'informal,' and new customers.

(iii) Sub-component 1.3 - Technical assistance for SNEL investments: This subcomponent will provide services, capacity strengthening, and operational equipment needed to ensure effective implementation and operation of upgraded and new SNEL infrastructure. It will also finance a gender-informed communications and awareness campaign, and other citizen engagement activities (such as periodic surveys, publication of key survey results, and the upgrade of a customer call center) to help reduce residential and commercial electricity theft, address customer complaints, monitor improvements, and promote transparency.

Component 2: Private Sector-based Access Expansion (US\$25 million IDA credit)

This component will promote private sector access expansion. Based on recommendations from an ESMAP-funded study that highlighted private sector's financial barriers to expanding access, the component will provide debt and grant support to implement qualifying access sub-projects. Early investments are expected to include subprojects under active development by experienced private developers. The component comprises two sub-components that will be implemented in two phases.

The first sub-component would develop (first phase), and potentially pilot the implementation (second phase) of a Credit Support Facility to provide short-to medium term debt for commercial investments. The first phase will lead to the selection of an intermediary financial institution whose contract or subsidiary agreement will include environmental and social safeguards management provisions applicable to private sector beneficiaries.

The second sub-component would set up an Electrification Fund that would provide connection cost subsidies and grants to address consumer affordability and fill the 'viability gap' for near-commercial investments. The Electrification Fund will be managed by a Government entity and its operation manual (to be developed over implementation) will also include environmental & social safeguards management provisions. The manuals of both the Credit Support Facility and the Electrification Fund to be developed under the first phases will be cleared by the Bank in order to proceed to the second phases. Further assistance from ESMAP is envisioned to support the development of this component over implementation.

For any subproject or other activity that would receive financial support from either the Credit Support Facility or the Electrification Fund, the Government will ensure, prior to implementation thereof, that any required environmental and social safeguard assessments and plans shall be duly prepared in form and substance satisfactory to the Bank, submitted to the Bank for review and approval, and thereafter locally disclosed and implemented in a manner that is satisfactory to the Bank.

Component 3: Sector Development and Implementation Support (US\$25 million IDA credit)

The component will contribute to the implementation of key institutional provisions of the 2014 Electricity Law, critical to expanding electricity access outside of SNEL's current service area. It will also serve as a platform for developing follow-on investments, through comprehensive planning and feasibility studies and provide needed resources for project implementation and monitoring. The component comprises four sub-components.

(i) Sub-component 3.1 – Institutional Strengthening: The sub-component will support the establishment and operationalization of ANSER (rural and peri-urban electrification agency) and ARE (electricity sector regulator), complementing assistance from other multilateral and bilateral development agencies, including AfDB and USAID. The support would include the provision of technical and advisory services covering various aspects: business plan preparation, technical appraisal and due diligence of business plan/sub-projects, development of standard concession contracts and procedures for ARE, and communications campaigns targeting local communities and provincial governments.

(ii) Sub-component 3.2 – Planning and Investment Development: The sub-component will be a vehicle for developing a pipeline of investments (beyond those identified during project preparation) for gradual access expansion based on a sector-wide planning. It will finance the development of an electrification strategy, and a least-cost geospatial electricity roll out plan, in a participatory manner bringing together GoDRC, development agencies, private sector (including developers and financiers), and civil society. The electricity roll out plan will be complemented by the preparation of a short-term investment prospectus, which will provide a rallying framework for leveraging financing. In addition, given the GoDRC's strong desire to electrify new provincial capitals with private sector involvement in operation, the sub-component will fund feasibility studies and preparation of bidding documents for the electrification of the remaining unserved provincial capitals.

(iii) Sub-component 3.3 – Mid-size Hydro Feasibility: Recognizing that development of DRC's domestic hydro resources is a key enabler for access expansion, this sub-component will support the identification of a long list of mid-size hydropower sites (both green and brown fields), the screening of the identified sites, and prefeasibility studies (covering technical, financial, economic, environmental and social safeguards aspects) of the most promising sites. If progress and budget allow, the project could finance feasibility studies for up to three sites.

(iv) Sub-component 3.4 - Project Management: The sub-component will fund the operationalization and running of the UCM/ANSER project implementation unit (PIU) for the duration of the project. UCM will nurture the development of a core ANSER staff at the initial implementation phase, until ANSER is operationally established. Operational services and goods to be funded would include: (i) the recruitment of fiduciary, engineering, safeguard, and monitoring and evaluation staff; (ii) external auditing; (iii) office space, equipment, and supplies; (iv) transport; and (v) part-time experts as needed.

Component Name:

Network upgrades and access expansion in selected SNEL service areas

Comments (optional)

Component Name:

Private sector-based access expansion

Comments (optional)

Component Name:

Component 3: Sector development and implementation support

Comments (optional)**E. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The specific locations of project interventions are not yet well known. Under sub-component 1.1, interventions are expected to be within Kinshasa, but the specific emplacement of distribution lines and substations are not yet determined. Under sub-component 1.2, mechanical and electrical equipment inside the power house of the Mobayi power plant will be upgraded. No work on the dam structure and water reservoir is envisioned. For component 2, investments that would benefit from credits and/or grants are not yet determined. Operational arrangements including fiduciary and environmental & social management provisions would be first developed and cleared by the Bank during the first phase of implementation before proceeding to the second phase.

F. Environmental and Social Safeguards Specialists

Abdoulaye Gadiere(GEN07)

Claude Lina Lobo(GENDR)

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II. IMPLEMENTATION

UCM, a dedicated project coordination and management unit within MERH, will assume the overall project coordination function in close collaboration with SNEL, FPM SA, ANSER, and ARE. UCM was established in 2015 with the mandate of coordinating all donor-funded energy sector projects. Hence, UCM has been selected as the implementing agency for the AfDB-financed Governance and Electricity Access Project and the KfW-financed Mini-hydro Power Plant Development Project. Consistent with the GoDRC's strategic decision to develop a single, strong project implementation agency in the energy sector, UCM will be the project coordination agency for the proposed project. Besides its coordination role, UCM will be responsible for the implementation of the project's Component 3 (sector development and implementation support) and the sub-component 2.2 (Electrification Fund). With regards to investments in SNEL service areas, UCM will act as a fiduciary agent, handling procurement and financial management, while SNEL will remain responsible for the technical aspects. A memorandum of understanding between UCM and SNEL, clarifying SNEL's technical responsibility, is being prepared. Once arrangements for the Credit Support Facility (sub-component 2.1) are worked out, and fiduciary assessment completed and satisfactory, a financial intermediary institution would become the fiduciary agent for the Credit Support Facility (sub-component 2.1).

III. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project in Component 1 includes the construction of new distribution network segments and the rehabilitation of parts of the

	<p>existing network in areas that are not yet mapped out in Kinshasa. These activities will impact the environmental components and these impacts are evaluated to be moderate, localized and manageable. Based on that project characteristics, the EA category is “B”. Since the project activities exact locations are not known with certainty to date, the safeguard instrument elaborated according to OP/BP 4.01 is the Environmental and Social Management Framework (ESMF). The ESMF outlines an environmental and social screening process, including institutional responsibilities for screening, review and clearance, and implementation of mitigation and monitoring measures for future investments. ESMF is also designed to serve as a guide for developing ESIA's including ESMPs as needed, when the exact sites of sub-projects will be known. Notice that in the component 1, a special attention will be provided on the handling, transportation, and final disposition of transformers contaminated by polychlorinated biphenyls (PCBs) and remediation of soil contaminated sites. In addition, the ESMF include specific sections related to Natural Habitats; Forests and Physical Cultural Resources proper management.</p> <p>Besides, environmental and social safeguards management provisions applicable to private sector beneficiaries will be included in the subsidiary agreement for the selection of the financial intermediary and reflected in the operations manuals of both the credit support facility and electrification fund.</p> <p>A covenant was included in the Financing Agreement to ensure that environmental and social management provisions are well handled.</p> <p>For any subproject or other activity that would receive financial support from either the Credit Support Facility or the Electrification Fund, the Government will ensure, prior to implementation thereof, that any required environmental and social safeguard assessments and plans shall be duly prepared in form and substance satisfactory to the</p>
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		<p>Bank, submitted to the Bank for review and approval, and thereafter locally disclosed and implemented in a manner that is satisfactory to the Bank.</p> <p>After its preparation, the ESMF was reviewed, consulted upon, approved and disclosed in DRC on March 04 and on the World bank site on March 7, 2017.</p>
Natural Habitats OP/BP 4.04	Yes	The policy is triggered in the preventive way and the only concerned by this policy is the sub-component 3.3; this one will support the identification of a long list of mid-size hydro-power sites (both green and brown fields), the screening of the identified sites, and pre-feasibility studies of the most promising sites; and later the project could finance feasibility studies for up to three sites. Natural Habitats (OP/BP 4.04) are triggered to enable the project to perform the screening of the identified sites and their vicinities relative to natural habitats. The ESMF provides guidance on avoiding or mitigating impacts on natural habitats.
Forests OP/BP 4.36	Yes	None activity of the project is expected to promote woods' exploitation or to finance activities which will contribute to destroy the forest. As the above policy, OP4.36 is triggered to pay attention on the forest resources during the project implementation. The ESMF includes guidance on managing forestry issues.
Pest Management OP 4.09	No	The project does not involve pest management.
Physical Cultural Resources OP/BP 4.11	Yes	Civil works associated with some investments will unquestionably lead to excavation. Taking into account that factor the policy on Physical natural resources was triggered because those excavations could induce to vestiges or artifacts discoveries. However the triggering of this policy does not entail the development of a specific safeguard instrument. A section was included in the ESMF to provide guidance in any case physical cultural resources will be discovered.
Indigenous Peoples OP/BP 4.10	Yes	The Project will be implemented in some Provinces where Indigenous People are present. An Indigenous Peoples Policy

		Framework (IPPF) has been prepared in consultation with IPs and various actors. Once the project site is clearly identified, the project will prepare an Indigenous Peoples Plan (IPP). The IPPF was disclosed in country, and on the World bank site respectively on March 9 and, on March 10, 2017.
Involuntary Resettlement OP/BP 4.12	Yes	OP/BP 4.12 is triggered due to proposed activities in both Component 1 and 2. Since the exact geographic coverage of proposed activities is still to be determined, a Resettlement Policy Framework (RPF) has been prepared by the Borrower for the project to clearly outline the basic principles and guidelines for mitigating any potential impact that may require compensation in the event of land acquisition resulting in economic or physical displacement. The RPF also puts in place measures to provide livelihood restoration in case of loss of income or resources. The RPF was disclosed in country on March 9, 2017 and disclosed on the World bank site on March 10, 2017.
Safety of Dams OP/BP 4.37	No	This Safeguard Policy is not triggered because the Mobayi Hydropower plant is a run-of-river dam with small storage water volume and mainly because project activities do not include work on the structure of the dam and reservoir but rehabilitation to perform within the power house on ancillary equipment.
Projects on International Waterways OP/BP 7.50	Yes	OP/BP 7.50 is triggered as the project would support (sub-component 1.2) the rehabilitation of the run-of-river Mobayi-Mbongo Hydropower plant, which flows in part in the Central African Republic. Also, the project (component 2) intends to support developers to rehabilitate mid-size hydro power plants, some of them might be located in rivers in the Congo basin and Nile basin, which are international waterways (or will touch international waterways). Riparian notification letters were sent to the riparian countries, and no comments were received.
Projects in Disputed Areas OP/BP 7.60	No	This Safeguard Policy is not triggered.

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The activities from components 1 & 2 may have potential environmental and social impacts that are considered to be moderate, localized and manageable. Therefore, the project has been rated under EA category “B”. The Environmental Safeguards Policies triggered are Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Physical Cultural Resources (OP/BP 4.11), Indigenous Peoples (OP/BP 4.10), Involuntary Resettlement (OP/BP 4.12), and Projects on International Waterways (OP/BP 7.50).

To ensure that any environmental issues associated to project activities will be appropriately addressed, an Environmental and Social Management Framework (ESMF) was prepared. It will guide the development of ESIA's including ESMPs as needed, when the exact sites of sub-projects will be known. In particular, the ESIA will include a diagnostic of the project areas, potential environmental and social adverse impacts, potential issues related to labor influx, and mitigation measures to manage properly expected adverse impacts. The ESIA will highlight specific provisions that need to be included in construction/installation contracts to ensure that contractors’ ESMPs address relevant mitigation measures.

The ESMF includes specific sections to ensure a proper management of Natural Habitats; Forests and as well as Physical Cultural Resources.

It is worth noting that under the component 1, a special attention will be provided on management of generated dangerous wastes, particularly the handling, transportation, and final disposition of transformers contaminated by polychlorinated biphenyls (PCBs) and remediation of any soil contaminated sites.

With regard to the component 2, it should be noted that environmental and social safeguards management provisions applicable to private sector beneficiaries will be included in the subsidiary agreement for the selection of the financial intermediary and reflected in the operations manuals of both the credit support facility and electrification fund.

A covenant was included in the Financing Agreement to ensure that environmental and social management provisions are well handled. For any subproject or other activity that would receive financial support from either the Credit Support Facility or the Electrification Fund, the Government will ensure, prior to implementation, that any required environmental and social safeguard assessments and plans shall be duly prepared in form and substance satisfactory to the Bank, submitted to the Bank for review and approval, and thereafter locally disclosed and implemented in a manner that is satisfactory to the Bank

In regards to OP 4.10, it is widely known that Indigenous Peoples are found in numerous Provinces of the Democratic Republic of Congo’s rural territory. Since the project will be implemented at the national level, with specific zones of interventions yet to be identified the project has prepared an Indigenous Peoples Policy Framework (IPPF), which will establish

the framework for consultation and inclusion of IPs in the project areas. The project will identify various IPs associations and IP communities in the selected zones as collaborators, as well as potential CSOs and local NGOs partners. Once the specific sites are known, an Indigenous Peoples Plan (IPP) will be developed, which will identify the targeted IPs, and ensure their inclusion as beneficiaries of project activities, in a culturally appropriate and inclusive manner.

In regards to OP 4.12, activities suggested under Component 1 “Network Upgrades and Access Expansion in Selected SNEL Service Areas”, may induce involuntary resettlement. The project has, prepared the Resettlement Policy Framework (RPF) in consultation with stakeholders in Kinshasa. The Resettlement Action Plans (RAP) or Abbreviated Resettlement Action Plans (ARAPs) will be prepared to mitigate potential negative impacts once the exact project sites are known.

The safeguards instruments were approved by the Bank and disclosed in country newspapers on March 04, 2017 for the ESMF, and March 09, 2017 for both the RPF and IPPF. The frameworks were also disclosed by the Bank on March 07, 2017 for the ESMF and March 10, 2017 for the RPF and IPPF. Any ensuing safeguard instruments (IPP, ESIA, ESMP, RAP, and/or PSR) will also be publicly disclosed prior to implementation. Moreover, the project team will ensure that all compensation and resettlement is completed prior to any civil works.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

This project aims to expand access to electricity. No adverse long term or indirect environmental or social impacts are expected.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Detailed feasibility studies will be conducted once specific site locations are known. The studies will influence the design of the components and propose alternatives to avoid and minimize social and environmental impacts.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

First, it should be noted that the Government has committed to providing US\$2 million as counterpart funding for the implementation of the safeguards instruments, including the payment of people affected by the network rehabilitation/expansion work.

The capacity of UCM, the implementing and coordinating agency for the World Bank Safeguards policies is considered low. UCM signed a MoU and has been working closely with SNEL, which has the technical responsibility for implementing the project, and has experience in safeguards implementation from previous power projects: SAPMP and PMEDE. UCM will be staffed with (and is in the process or recruiting) two safeguards specialists, a Social Development Specialist and an Environmental Specialist. They will work with and learn from SNEL’s Social and Environmental Safeguards Specialist, who has monitored the implementation safeguards measures under the two Bank-financed projects, and has benefitted from two World Bank safeguards capacity-building initiatives in October

2015 and November 2016. The safeguards specialists will monitor and supervise the environmental and social measures as recommended in the various safeguards instruments for the project.

In addition, construction / installation contracts will include requirements for contractors to implement all aspects of environment and social management plans, including explicitly aspects related to labor influx issues and worker safety. Also, UCM, SNEL, and owners engineers will be responsible for supervising not only technical aspect but also progress on ESMPs.

To address the low institutional capacity of the Borrower, the Bank team will organize in house training for the team, including the Project coordinator. Moreover, the Bank will facilitate knowledge sharing workshops among the different Bank project PIUs. Finally, the Bank team will provide implementation support on a regular basis.

To ensure safeguards implementation in a timely manner, the project will submit to the Bank team a safeguards implementation budget and calendar; this will ensure constant and regular supervision of social and environmental measures. The project will prepare quarterly reports of the implementation of the safeguards instruments; monitoring will be based on the indicators set forth in the safeguards instruments. To this extent, the two safeguards specialists in the PIU, will closely collaborate with the M&E specialist in the PIU, and reflect the findings in the quarterly reports. Owners engineers' contracts will include provision to also monitor progress on all aspects of ESMPs, and their reports will be consolidated in the PIU's progress reports and shared with the Bank.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders outside of central and local government structures include the private sector, civil society/NGOs, as well as IP communities and associations. Representatives of the national government formulated the design of the project, while regional governments, local authorities, communities and civil society provided input. The project will be implemented with the participation of local stakeholders. Overall, preparation of the projects safeguards instruments has been participatory at various levels, through consultation with the different stakeholders in Kinshasa, the Kasai province, and the North Kivu province. During the preparation of the ESIA, RAP, IPP, and other instruments, the project will conduct consultations with all stakeholders to ensure their full participation.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	25-Jan-2017
Date of submission to InfoShop	07-Mar-2017
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	

Congo, Democratic Republic of	04-Mar-2017
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	25-Jan-2017
Date of submission to InfoShop	10-Mar-2017
"In country" Disclosure	
Congo, Democratic Republic of	09-Mar-2017
<i>Comments:</i>	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	25-Jan-2017
Date of submission to InfoShop	10-Mar-2017
"In country" Disclosure	
Congo, Democratic Republic of	09-Mar-2017
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why::	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment						
Does the project require a stand-alone EA (including EMP) report?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
OP/BP 4.04 - Natural Habitats						
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>

OP/BP 4.11 - Physical Cultural Resources						
Does the EA include adequate measures related to cultural property?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
OP/BP 4.10 - Indigenous Peoples						
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
OP/BP 4.12 - Involuntary Resettlement						
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Is physical displacement/relocation expected?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	TBD	<input checked="" type="checkbox"/>
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	TBD	<input checked="" type="checkbox"/>
OP/BP 4.36 - Forests						
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
Does the project design include satisfactory measures to overcome these constraints?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
OP 7.50 - Projects on International Waterways						
Have the other riparians been notified of the	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

project?						
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	[X]
Has the RVP approved such an exception?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	[X]
The World Bank Policy on Disclosure of Information						
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes	[X]	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes	[X]	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
All Safeguard Policies						
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes	[X]	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Have costs related to safeguard policy measures been included in the project cost?	Yes	[X]	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes	[X]	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes	[X]	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

V. Contact point

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VII. Approval

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<i>Approved By:</i>		
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